

**MINUTES OF A MEETING OF THE
ARIZONA STATE RETIREMENT SYSTEM
OPERATIONS COMMITTEE**

**HELD ON
Thursday, August 27, 2009
10:30 a.m., Arizona Time**

The Operations Committee (OC) of the Arizona State Retirement System (ASRS) met in regular session in the 14th Floor Conference Room of the ASRS Office, 3300 North Central Avenue, Phoenix, Arizona 85012. Mr. Steven Zeman, Chair, called the meeting to order at 10:30 a.m.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Steven Zeman, Chair
Mr. David Byers, Vice-Chair
Dr. Keith Meredith (Via Teleconference)
Mr. Michael Townsend (Via Teleconference)

A quorum of the Committee was present for the purpose of conducting business.

2. Approval of the Regular and Executive Session Minutes of the July 30, 2009 OC Meeting

Motion: Mr. David Byers moved the minutes of the July 30, 2009, OC meeting be adopted. Dr. Keith Meredith seconded the motion.

By a vote of 4 in favor, 0 opposed, 0 abstentions, and 0 excused, the motion was approved.

3. Presentation, Discussion and Appropriate Action Regarding the ASRS PRIDE Initiative

Mr. Anthony Guarino, Deputy Director and Chief Operations Officer, introduced Ms. Debbara Woods-Schmitt, Consultant, who gave the Committee an update on the PRIDE Initiative that was developed two years ago. Ms. Woods-Schmitt gave a brief overview of the history of the program along with descriptions of the various facets of the program as it is currently instituted. She highlighted the achievements made within the initiative including the initial rollout of the program, the development of focus groups, orientation programs, an internal communications strategy, and the introduction of InfoQuest, the new ASRS internal business wiki. Additionally, Ms. Woods-Schmitt gave a summation of future items the initiative will be looking at in 2010.

4. Presentation, Discussion and Appropriate Action Regarding the ASRS Internal Audit Biennial Audit Plan for Fiscal Years (FYs) 2010 and 2011

Mr. Bernard Glick, ASRS Chief Internal Auditor, presented the ASRS Biennial Internal Audit Plan for Fiscal Years Ending 2010 and 2011. Mr. Glick highlighted the number of hours allocated for auditing for each of the two fiscal years and the various areas the ASRS would be auditing internally over the course of the two years included in the plan. He also noted the flexibility in the audit plan, allocating additional hours of audit time in case a planned audit were to exceed the budgeted time or if the OC or the Board wished to allocate those hours to a specific area they would like audited.

Motion: Mr. David Byers moved the Committee accept the ASRS Internal Audit Plan for Fiscal Years Ending 2010 and 2011 as presented by ASRS Staff and that it be referred to the ASRS Board for review and approval. Mr. Michael Townsend seconded the motion.

By a vote of 4 in favor, 0 opposed, 0 abstentions, and 0 excused, the motion was approved.

5. Presentation, Discussion and Appropriate Action Regarding an ASRS Internal Audit Peer Review

Mr. Glick presented a peer review report of the ASRS Internal Audit Division (IAD) which was conducted in June 2009 by the Public School and Public Education Employee Retirement System of Missouri. Mr. Glick said the review found the IAD “generally conforms” to the requirements of professional auditing standards and ASRS’ internal audit policies. The report did offer some suggestions for improvements, but found the IAD produced high quality, professional auditing work.

6. Review of Recently Conducted Audits

- **Contract Administration**

Mr. Glick updated the Committee on a recently conducted audit of Contract Administration. He said the audit focused on adequate contract administration for four ASRS vendors: Sedgwick CMS, United Healthcare/PacifiCare, CB Richard Ellis, and Mellon Bank. Mr. Glick stated agency practices for contract administration met the objectives of the audit, but he indicated there were areas that could use improvements in back-office functions such as the establishment of comprehensive Standard Operating Procedures, timely receipt of SAS-70 Type II reports, correction of flaws found in a small number of Long Term Disability-PERIS Online reports, and continuing oversight of banking functions.

7. Request for Future Agenda Items

There were no requests for future agenda items. It was announced the next OC meeting would occur on Thursday, November 5, 2009 at 10:30 a.m.

8. Call to the Public

No members of the public addressed the Committee.

9. Adjournment of the OC

Mr. Steven Zeman adjourned the meeting at 11:23 a.m.

Respectfully Submitted by,

Zachary Kucera
Committee Secretary

Date

Anthony Guarino
Deputy Director and Chief Operations Officer

Date